



## Legislation Details (With Text)

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**File created:** 11/3/2015    **In control:** City Council  
**On agenda:** 11/19/2015    **Final action:** 11/19/2015  
**Title:** Actions Pertaining to the Recycled Water Transmission Main, Southwest Quadrant, Project SW1B (Bid File 3413) (Council District 3 and Fresno County)  
1. \*\*\*RESOLUTION - 20th amendment to the Annual Appropriation Resolution (AAR) No. 2015-104 appropriating \$19,348,700 for the Southwest Recycled Water Distribution System (Requires 5 affirmative votes)  
2. Award a construction contract in the amount of \$9,341,491 to Garney Construction of Livermore, California  
3. Award a professional services contract to BSK Associates in the amount of \$174,519 for materials testing and Special Inspection for Project SW1A  
4. Award a professional services contract to BSK Associates in the amount of \$189,960 for materials testing and Special Inspection for Project SW1B

**Sponsors:** Department of Public Utilities

**Indexes:**

**Code sections:**

**Attachments:** 1. 20th AAR No 2015-104.pdf, 2. Bid Evaluation and Fiscal Impact Statement.pdf, 3. BSK Associates contract for SW1A.pdf, 4. BSK Associates contract for SW1B.pdf, 5. SW1B Vicinity map.pdf

Date	Ver.	Action By	Action	Result
11/19/2015	1	City Council	approved	Pass

## REPORT TO THE CITY COUNCIL

**November 19, 2015**

**FROM:** THOMAS C. ESQUEDA, Director  
Department of Public Utilities

**BY:** KEVIN L. NORGAARD, PE, Supervising Professional Engineer  
Department of Public Utilities - Wastewater Management Division

## SUBJECT

Actions Pertaining to the Recycled Water Transmission Main, Southwest Quadrant, Project SW1B (Bid File 3413) (Council District 3 and Fresno County)

1. \*\*\*RESOLUTION - 20<sup>th</sup> amendment to the Annual Appropriation Resolution (AAR) No. 2015-104 appropriating \$19,348,700 for the Southwest Recycled Water Distribution System (**Requires 5 affirmative votes**)
2. Award a construction contract in the amount of \$9,341,491 to Garney Construction of

Livermore, California

3. Award a professional services contract to BSK Associates in the amount of \$174,519 for materials testing and Special Inspection for Project SW1A
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## RECOMMENDATIONS

Staff recommends the City Council appropriate the project funding, approve the construction contract award to Garney Construction for the Recycled Water Transmission Main (RWTM), Southwest Quadrant, Project SW1B and approve the Professional Services contracts to BSK Associates for materials testing and Special Inspection for the RWTM, Projects SW1A and SW1B.

## EXECUTIVE SUMMARY

The Department of Public Utilities (DPU), Wastewater Management Division is seeking to adopt the 20<sup>th</sup> Amendment to the AAR No. 2015-104, award a \$9,341,491 construction contract to Garney Construction of Livermore, California, as the lowest responsive and responsible bidder, award contracts to BSK for materials testing and special inspection services for SW1A and SW1B. The SW1B project is the continuation of the RWTM, starting at the terminus of SW1A. The primary purpose of this construction project is to establish the second five mile portion of the recycled water distribution pipeline to bring tertiary treated water from the RWRF through downtown and ending at M Street and Los Angeles Street.

## BACKGROUND

In 2009, the State of California adopted a recycled water policy establishing a mandate to increase the use of recycled water in California by 200,000 acre-feet per year by 2020 and by an additional 300,000 acre-feet per year by 2030. The Recycled Water Master Plan prepared by the Department of Public Utilities' Wastewater Management Division identifies opportunities to assist with compliance of this law by reducing groundwater pumping and replacing groundwater with recycled water for non-potable purposes (i.e. outdoor irrigation, dust control, fountains, etc.). The Division's long-term goal is to produce and deliver 25,000 acre-feet of recycled water to the City's service area to reduce groundwater over drafting. On April 11, 2013, the City Council adopted the Recycled Water Master Plan and associated environmental documents.

On June 27, 2013, the City Council approved a design contract for the Recycled Water Distribution System (RWDS), Southwest Quadrant (SWQ) starting at the RWRF. The SWQ pipeline will be just over 21 miles in length. When completed the Southwest Quadrant RWDS will connect the Tertiary Treatment plant located at Jensen and Cornelia Avenues through Roeding Park and Downtown area (ending at M Street and Los Angeles Street), and continues north on Cornelia Avenue to Shields Avenue. This system will ultimately serve several cemeteries, City parks (including Roeding), water recharge basins, schools, industrial uses, and other urban users.

The award of this project is the second of five phases of the SWQ and is approximately 5 miles in length. Phase two will continue phase 1 and convey recycled water in Cornelia south of Whitesbridge Avenue to Belmont Avenue, continuing east in Belmont Avenue to Marks Avenue, and from Belmont Avenue south in Blythe Avenue to approximately 300' south of the St. Peter Cemetery entrance. The third, fourth and fifth phases are in the design stages. The total costs for the SWQ recycled water

system are anticipated to be \$52,475,049. This project was anticipated originally to be constructed in FY17 but is being awarded in FY16 as a condition of keeping the 1% interest rate for the State Revolving Fund (SRF) loan for the RWDS, SWQ.

The first three phases of the SWQ will be completed and delivering water into Roeding Park before October 2016. The October 2016 date is the anticipated completion date of the new 5 Million Gallons per Day (MGD) Tertiary Treatment Facility and fully permitted date to produce full Title 22 nonrestricted recycled water. Construction for the remaining SW1C, SW1D and pump station will be completed in 2017.

Plans and specifications were prepared for the project SW1B. A Notice of Inviting Bids was published on August 21, 2015, posted on the City's website and faxed to eleven building exchanges. The specifications were distributed to 31 prospective bidders. Five sealed bid proposals were received and publicly opened on October 6, 2015. Bid proposal prices range from \$9,341,491 to \$12,464,396.

Staff has determined that Garney Construction of Livermore, California is the lowest responsible and responsive bidder with a submitted bid of \$9,341,491. Their bid price is 33% below the Engineer's Estimate of \$12,418,335. The staff determination was posted on the City website on October 28, 2015.

Following Fresno Municipal Code Chapter 4 Article 1 and Administrative Order 6-19 a request for proposals for material testing and special inspection services for the Recycled Water Pipeline Project SW1A & SW1B was advertised through Planet Bids on the City's website. Four (4) proposals were received. The Department chose to proceed with BSK as the firm with the most beneficial qualification in their proposed scope and level of effort and best value for the City.

On December 11, 2014 the City Council authorized the submission of an application for Clean Water SRF for the financing of the construction of the SWQ. The loan has been approved by the state on August 3, 2015 and is anticipated that the project low interest loan (1%) will be no more than \$52,475,049. The loan will cover the design, construction and construction management for the installation of the 21 miles of recycled water transmission main.

The construction contract for SW1A (\$7,877,153.25) project and the first year (\$1,140,000) construction management for the RWDS are currently appropriated in Sewer Enterprise Fund No. 40501; however, with the States final approval the Southwest quadrant projects will be funded via the SRF loan fund No. 40528 Annual Appropriation Resolution 20<sup>th</sup> AAR No. 2015-104, which appropriates the monies into Fund No. 40528. This request has been made as a result of the executed Clean Water SRF loan agreement with the State.

## **ENVIRONMENTAL FINDINGS**

A Mitigated Negative Declaration (MND) was adopted by the Council on December 18, 2014, for this Project. An analysis has been performed pursuant to CEQA Guidelines §15162 to determine whether subsequent environmental review is required for the Project. Based on this analysis the following findings are made to support the determination that no subsequent environmental review is required:

1. No substantial changes are proposed in the Project which will require major revisions of the previous MND due to the involvement of new significant environmental effects, or a substantial

increase in the severity of previously identified significant effects.

2. No substantial changes occur with respect to the circumstances under which the Project is undertaken which will require major revisions of the previous MND due to the involvement of new significant environmental effects, or a substantial increase in the severity of previously identified significant effects.
3. There is no new information which was not known or could not have been known at the time of the previous MND that the Project will have significant effects not discussed in the MND.

Furthermore, since a MND was previously adopted for this Project, the considerations set forth in CEQA Guidelines §15162(a)(3)(C) and (D), related to the adequacy and feasibility of previously adopted mitigation measures, are not applicable. Based upon these findings, it has been determined that no further environmental documentation is required for this Project.

## **LOCAL PREFERENCE**

Local preference did not affect the construction contract bid evaluation because the lowest local business bid exceeded the maximum allowable percentage. Local preference was implemented for both professional services contracts. BSK is a local business.

## **FISCAL IMPACT**

This project has no impact to the General Fund and is located in Council District 3 and Fresno County. The Clean Water SRF loan will be repaid from pledged Sewer Enterprise revenues. Once all the loan proceeds are drawn down, the annual debt payment will not exceed \$2,047,602.03 per year for thirty years.

The SRF loan provides a means to reallocate funds to other projects included in the current capital improvement plan. The net effect of this loan will be to reduce future bonding requirements. By utilizing this SRF loan versus a bond interest rate of 5.25% the realized savings in the 30 year loan will be \$50,502,000.

### **Attachments:**

20<sup>th</sup> AAR No. 2015-104

Bid Evaluation and Fiscal Impact Statement

BSK Associates contract for SW1A & SW1B

Vicinity Map